

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2659-01  
Bill No.: SB 905  
Subject: General Assembly; Appropriations; Administration; Office of; State Departments  
Type: Original  
Date: February 1, 2002

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**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration** did not respond to our fiscal impact request.

Officials from the **Office of the Governor, Missouri Senate, Office of the Attorney General, State Emergency Management Agency, Capitol Police, Departments of Insurance, Agriculture, Labor and Industrial Relations, Conservation, and Revenue** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Department of Corrections (DOC)** assume passage of this proposal would have no significant fiscal impact on the Budget and Planning unit. DOC assumes the budget analysis normally dedicated to yearly budget preparation, will be offset by an increased need for spending and revenue evaluation. DOC assumes the overall fiscal impact would be minimal and could be absorbed within existing resources.

Officials from the **Missouri House of Representatives (MHR)** state they believe the proposed legislation would not require additional FTE for implementation. MHR assumes the Oversight Division will perform the required investigations, examinations and in-depth reviews of the divisions and programs. MHR also assumes the cost for the contracting of services related to the development of budget estimates would not be their fiscal responsibility.

Officials from the **Department of Transportation (DHT)** assume that the time usually spent working on preparing the budget in the second year will be spent on preparing for the review. Therefore, DHT assumes no fiscal impact.

Officials from the **Department of Economic Development** assume the proposal may cause additional overtime, due to work and planning, at least while the initial conversion to the two-year process occurs. DED notes that once the initial conversion is implemented there should not be any additional impact.

Officials from the **Department of Mental Health** assume the proposal will initially cause additional work and planning; however, once implemented it should not cause any additional fiscal impact.

Officials from the **Department of Health and Senior Services (DOH)** assume this legislation would not significantly impact its operations; however, if the proposal resulted in a substantial impact, the DOH notes it would request funding through the appropriations process.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources (DNR)** assume the level of effort that will be involved in the two-year budgets will initially be more than preparing a budget for one year, however, it appears a savings should be realized in the off year related to budget preparation. DNR states it is unknown what the level of effort will be responding to hearings, investigations, examinations and in-depth reviews of the general assembly in the off year of the budget cycle. Depending on the level of effort required. DNR notes they may consider requesting additional resources.

Officials from the **Office of State Courts Administrator (CTS)** state that depending on the depth and intricacy of the information that may be required from state agencies and other budgeting entities, there could be a budget impact on the judiciary. CTS notes additional FTE could be needed to prepare reports and statistical analysis, or costs for contracting these responsibilities. CTS states any fiscal impact would be reflected in future budget requests; however, they do not expect the total to be more than \$100,000.

Officials from the **Department of Social Services (DSS)** state the current annual budget process requires agencies to estimate expenditures and activities for the period nine to 21 months in the future. This proposal would add the requirement that the budget estimate for the following year which would be 22 to 34 months in the future also to be included. DSS further notes except for major multi-year projects, there is little reliable data available from which to make alternative estimates for a period two years in the future. Therefore, DSS states, the most likely estimate for expenditures two years in the future will be the same as the estimate for one year. DSS assumes the primary cost will be additional printing of the extra budget pages which could be absorbed from existing resources.

Officials from the **Department of Higher Education (CBH)** assume the proposal would result in a savings of approximately \$400 on budget printing and assembly for the years when a budget is not required. CBH notes it is likely the public colleges and universities would also save funds that are used for the purpose of preparing their annual budget submissions to their respective boards and the CBH. CBH estimates the annual cost of budget printing and assembly at \$200 for each of the 23 public higher education institutions, a total of \$4,600 would be saved every other year.

Officials from the **Department of Elementary and Secondary Education (DES)** assume the proposal would result in savings of approximately \$14,000 every other year due to the avoidance of budget printing costs. DES states staff time may be saved every other year; however, FTE needs would remain unchanged (i.e., budget preparation and presentation duties would carry over into off-years, emergency appropriations would require time and attention prior to the second session of each general assembly, questions posed by the newly created advisory committee would require

research and analysis).

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Director's Office (DPS)** assume the proposal would result in the need for three additional FTEs (Accountant, Budget Analyst, and Clerk Typist), renovation expense, and rent expense for an offsite facility for the additional staff. DPS estimates the additional costs to General Revenue to be \$209,845 for FY 2003; \$205,696 for FY 2004; and \$209,263 for FY 2005.

**Oversight** assumes any additional duties related to this proposal could be absorbed with existing resources. However, if an agency determines that the related duties cannot be absorbed with existing resources then such agency could request additional resources through the normal budget process.

**Oversight** notes the potential for the proposal to result in a savings to all state funds, as a result of reduced printing costs, and assumes any such savings would be offset by potential increased costs.

**Oversight** notes the proposal states the committee may contract for services related to developing budget estimates. Since this language is permissive, Oversight assumes no cost in the fiscal impact section of this fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## DESCRIPTION

This proposal requires the Governor to submit a budget on a two-year cycle to coincide with the beginning of each new General Assembly. In the second session of each General Assembly, the General Assembly may consider any emergency appropriation recommended by the Governor and any general appropriation requested by the Governor. The General Assembly shall also hold hearings and perform investigations, examinations and in-depth reviews of the divisions and programs of the various departments as are necessary to ensure that public funds are properly and efficiently expended. In any such review, the General Assembly shall assess the ability of the divisions and programs of the departments to meet their performance objectives and the usefulness of the measures designed to assess how well the objectives have been met.

The proposal establishes an advisory committee composed of the Budget Director and the chairs of the Senate Appropriations and House Budget committees. The committee shall prepare and revise revenue estimates no less frequently than biannually, and provide a quarterly and an annual report comparing revenues received to revenues expected. The proposal indicates that the committee may obtain economic analysis from institutions of higher learning and state departments and may contract for services related to developing budget estimates.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

## SOURCES OF INFORMATION

Office of the Governor  
Missouri Senate  
Missouri House of Representatives  
Office of the Attorney General  
Department of Insurance  
Department of Agriculture  
Department of Labor and Industrial Relations  
Department of Conservation  
Department of Revenue  
Department of Corrections  
Department of Transportation

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Department of Economic Development  
Department of Mental Health  
Department of Health and Senior Services  
Department of Natural Resources  
Office of the State Courts Administrator  
SOURCES OF INFORMATION (continued)

Department of Social Services  
Department of Higher Education  
Department of Elementary and Secondary Education  
Department of Public Safety  
    Director's Office  
    State Emergency Management Agency  
    Capitol Police

NOT RESPONDING

Office of Administration



Mickey Wilson, CPA  
Acting Director

February 1, 2002